

**§ 143B-434.01. Comprehensive Strategic Economic Development Plan.**

(a) Definitions. – The following definitions apply in this section:

- (1) Repealed by Session Laws 2014-18, s. 1.2(b), effective July 1, 2014.
- (2) Department. – The Department of Commerce.
- (3) Economic distress. – The presence of at least one trend indicator or at least one status indicator:
  - a. Trend indicators:
    1. Weighted average age of industrial plants exceeding statewide average age.
    2. Loss of population over the most recent three- to five-year period.
    3. Below average job growth over the most recent three- to five-year period.
    4. Outmigration over the most recent three- to five-year period.
    5. Decline in real wages over the most recent three- to five-year period.
    6. Above average rate of business failures over the most recent three- to five-year period.
  - b. Status indicators:
    1. Per capita income below the State average.
    2. Earnings or wages per job below the State average.
    3. Unemployment above the State average.
    4. Poverty rate above the State average.
    5. Below average fiscal capacity.
- (4) Plan. – The Comprehensive Strategic Economic Development Plan.
- (5) Region. – One of the major geographic regions of the State defined in the Plan as an economic region based on compatible economic development factors.
- (6) Secretary. – The Secretary of Commerce or the governing board of a North Carolina nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01 for the performance of the Secretary's responsibilities under this section.

(b) Plan. – The Secretary shall review and update the existing Plan on or before April 1 of each year. The Plan shall cover a period of four years and each annual update shall extend the time frame by one year so that a four-year plan is always in effect. The Secretary shall provide copies of the Plan and each annual update to the Governor and the Joint Legislative Commission on Governmental Operations. The Plan shall encompass all of the components set out in this section.

(c) Purpose. – The purpose of this section is to require the Secretary to apply strategic planning principles to its economic development efforts. This requirement is expected to result in:

- (1) The selection of a set of priority development objectives that recognizes the increasingly competitive economic environment and addresses the changing needs of the State in a more comprehensive manner.
  - (2) The effective utilization of available and limited resources.
  - (3) A commitment to achieve priority objectives and to sustain the process.
- (d) (1) Public and Private Input. – At each stage as it develops and updates the Plan, the Secretary shall solicit input from all parties involved in economic development in North Carolina, including:

- a. Each of the programs and organizations that, for State budget purposes, identifies economic development as one of its global goals.
  - b. Local economic development departments and regional economic development organizations.
  - c. The Board of Governors of The University of North Carolina.
- (2) The Secretary shall also hold hearings in each of the Regions to solicit public input on economic development before the initial Plan is completed. The purposes of the public hearings are to:
- a. Assess the strengths and weaknesses of recent regional economic performance.
  - b. Examine the status and competitive position of the regional resource base.
  - c. Identify and seek input on issues that are key to improving the economic well-being of the Region.

The Secretary shall hold additional hearings from time to time to solicit public input regarding economic development activities.

- (3) Each component of the Plan shall be based on this broad input and, to the extent possible, upon a consensus among all affected parties. The Secretary shall coordinate its planning process with any State capital development planning efforts affecting State infrastructure such as roads and water and sewer facilities.

(e) Environmental Scan. – The first step in developing the Plan shall be to develop an environmental scan based on the input from economic development parties and the public and on information about the economic environment in North Carolina. To prepare the scan, the Secretary shall gather the information required in this subsection and ensure that the information is updated periodically. The updated information may be provided in whatever format and through whatever means is most efficient. The information required to prepare the scan includes all of the following:

- (1) Compilation of the latest economic and demographic data on North Carolina by State, Region, and county including population, population projections, employment, and employment projections, income and earnings status and outlook, migration and commuting patterns, unemployment, poverty, and other similar data.
- (2) Compilation of the latest data on the strength of the business environment by State, Region, and county with emphasis on the dynamics of job creation: start-ups, expansions, locations, contractions, and failures. Special assessments are to be made of rural, small, and minority business components of overall activity.
- (3) Compilation of the latest data on labor compensation, construction costs, utility rates, payroll costs, taxes, and other cost data normally considered by manufacturing firms and new businesses and shall be tabulated by State, Region, and county.
- (4) Compilation of data on assets within the State and by Region and county to include the following:
  - a. Available buildings, bona fide industrial parks, and sites.
  - b. Characteristics of the available labor force (number, demographic attributes, skill levels, etc.).
  - c. Special labor situations, such as military base discharges and large plant closings.

- d. Available infrastructure capacities by county and Region including water, sewer, electrical, natural gas, telecommunication, highway access, and other pertinent services.
  - e. The fiscal capacity of counties and localities within counties to support the infrastructure development necessary to participate in the development process.
  - f. Analyses of assimilative capacity of riverine, estuarine, or ocean outfalls, or other environmental cost considerations.
  - g. Proximity analyses of counties in close alignment with major urban areas in bordering states.
  - h. Special educational and research capabilities.
  - i. Special transportation situations such as major airports, ports, and railyards.
  - j. Available data on the performance, contribution, and impact each economic sector (including, but not limited to, agriculture, finance, manufacturing, public utilities, trade, services, tourism, and government) is having on individual counties, Regions, and the State.
  - k. Available tourist and service assets.
  - l. Analyses of seasonal population and absentee ownership in resort and tourism areas and their impact on the delivery of public services.
  - m. Cost and availability of natural gas and electricity.
- (5) Compilation and analyses of data on economic and industrial changes in competitor states by Region, as applicable. This data shall be entered into a database and kept current. It shall include, specifically, all new plant location information such as origin of the plant, Standard Industrial Classification Code, employment, and investment.
  - (6) Compilation of cost data, policies, and strategies in competitive Southeastern states as well as other United States regions and foreign countries.
  - (7) Compilation of incentives and special programs being offered by other states.
  - (8) Compilation and analyses of other data relating to economic development such as regulatory or legal matters, structural problems, and social considerations, e.g. unemployment, underemployment, poverty, support services, equity concerns, etc.
  - (9) The cost of doing business in North Carolina and other competing states, as it may affect decisions by firms to locate in this State.
  - (10) Competitive assets within the State and by Region and county, including infrastructure, tourist assets, natural resources, labor, educational and research resources, and transportation.
  - (11) Other information relating to economic development such as regulatory or legal matters and social considerations.
- (f) Repealed by Session Laws 2012-142, s. 13.4(a), effective July 1, 2012.
  - (g) Vision and Mission Statements. – The Secretary shall develop a vision statement for economic development that would describe the preferred future for North Carolina and what North Carolina would be like if all economic development efforts were successful. The Secretary shall then develop a mission statement that outlines the basic purpose of each of North Carolina's economic development programs. Because special purpose nonprofit organizations are uniquely situated to conduct the entrepreneurial and high-risk activity of investing in and supporting new business creation in the State, they should be assigned a dominant role in this key component of economic development activity.

(h) Goals and Objectives. – The Secretary, using data from the public input and the environmental scan, shall formulate a list of goals and objectives. Goals shall be long-range, four years or more, and shall address both needs of economically distressed Regions and counties as well as opportunities for Regions and counties not distressed. The goals shall be developed with realism but should also be selected so as to encourage every Region and county within the State to develop to its maximum potential. Objectives shall be one year or less in scope and shall, if achieved, lead to the realization of the goals formulated by the Secretary as provided in this section.

Both goals and objectives should be stated largely in economic terms, that is, they should be related to specific population, employment, demographic targets, or economic sector targets. Both efficiency and equity considerations are to be addressed and balanced with special emphasis placed on the needs of disadvantaged or economically distressed populations and communities. The goals and objectives should not state how the economic targets are to be reached, but rather what the economic conditions will be if they are obtained. So that the progress of North Carolina's economic development efforts can be monitored, the Secretary shall set objectives for each goal that allow measurement of progress toward the goal. Objectives should be quantifiable and time-specific in order to serve as performance indicators.

(i) Formulation of Economic Development Strategy. – The Plan shall have as its action component a strategy set forth in a blueprint for directing resources of time and dollars toward the satisfaction of the goals and objectives stated in subsection (h) of this section. As a practical consequence of the economic environment, a focus on the competitiveness of indigenous industries and entrepreneurial development is required. The Plan shall include a strategy for the coordination of initiatives and activities for workforce preparedness, funded by federal or State sources, including, but not limited to, vocational education, applied technology education, remedial education, and job training, and the achievement of the economic development goals of the Plan. A balance of opportunity between rural and urban regions and between majority and minority populations should be an overriding consideration. Equity of opportunity for counties and communities across the State will involve the explicit consideration of local fiscal capacity and the fiscal ability to support development activities.

The concept of differentiation should be employed. The Plan should recognize the various strengths and weaknesses of the State and its component regions, subregions, and, in some cases, individual counties. The concept of market segmentation should be employed. Different Regions and subregions of the State should be promoted to different markets.

(j) Implementation Plan. – Based upon all of the foregoing steps, the Secretary shall establish an implementation plan assigning to the appropriate parties specific responsibilities for meeting measurable objectives. The implementation plan shall contain all necessary elements so that it may be used as a means to monitor performance, guide appropriations, and evaluate the outcomes of the parties involved in economic development in the State.

(k) Annual Evaluation. – The Secretary shall annually evaluate the State's economic performance based upon the statistics listed in this subsection and upon the Secretary's stated goals and objectives in its Plan. The statistics upon which the evaluation is made should be available to policymakers. The information may be provided in whatever format and through whatever means is most efficient.

- (1) The net job change (expansions minus contractions) by the various economic sectors of the county, Region, and State.
- (2) Realized capital investment in plants and equipment by new and expanding industry in each county, Region, and State.
- (3) Manufacturing changes by county, Region, and State that affect the value of firms, total payrolls, average wages, value of shipments, contributions to gross State product, and value added.

- (4) The net change in the number of firms by county, Region, and State with statistics on the dynamics of change: relocations in versus relocations out; births versus deaths; and expansions versus contractions.
- (5) A measure of the status and performance of all sectors of the county, Region, and State economy including, but not limited to, manufacturing, agriculture, trade, finance, communications, transportation, utilities, services, and travel and tourism.
- (6) An assessment of the relative status and performance of rural business development as opposed to that in urban areas.
- (7) An analysis of the status of minority-owned businesses throughout the State.
- (8) An assessment of the development capability of the various Regions of the State in terms of their environmental, fiscal, and administrative capacity. Those areas that are handicapped by barriers to development should be highlighted.
- (9) Repealed by Session Laws 2012-142, s. 13.4(a), effective July 1, 2012.

(I) Accountability. – The Secretary shall make all data, plans, and reports available to the the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources, and the Joint Legislative Economic Development and Global Engagement Oversight Committee, the Joint Legislative Economic Development and Global Engagement Oversight Committee, the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, and the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources at appropriate times and upon request. The Secretary shall prepare and make available on an annual basis public reports on each of the major sections of the Plan and the Annual Report indicating the degree of success in attaining each development objective. (1993, c. 321, s. 313(c); 1997-456, s. 27; 2012-142, s. 13.4(a); 2014-18, s. 1.2(b); 2017-57, s. 14.1(q), (y).)